

## **Modernized e-File**

### **Form 1040 – Phase I**

### **Volume Management Strategy**

### **Final**

Beginning February 17, 2010, Modernized e-File (MeF) will accept Form 1040 (federal and state returns), Form 4868 extensions and 21 of the most common 1040-related forms/schedules for a total of 23 forms. 1040 returns with an attachment not included in the 23 forms and schedules population must be filed through the Electronic Management System (EMS).

For processing year 2009 (tax year 2008), approximately 72 million 1040 returns that fall within the potential 23 form MeF population were filed through EMS. This represents more than an order of magnitude increase over the number of submissions processed for tax year 2008 by MeF (4 million submissions). The IRS is building out the computing infrastructure to accommodate the increased demand and conducting performance tests to validate the new, expanded system. However, the IRS feels it is prudent to manage the volume increases in year 2010 so that the IRS and transmitters have an opportunity to observe system behavior and response times under controlled loads prior to opening the system to full load in processing year 2011.

Therefore, for processing year 2010 (1040 MeF phase I) the IRS is limiting the number of 1040 returns filed through MeF. The IRS will control volumes by implementing and enforcing a Volume Management Plan.

#### **Volume Management:**

The plan will control volumes three ways:

First, those transmitters who either indicated they would not participate in 1040 MeF this year, or did not respond to our requested deadline, will not be allowed to file 1040 federal and state returns or 4868 extensions through MeF until after April 15. They will be able to file business returns, and test 1040s in the ATS system.

Second, those states who either indicated they would not participate in 1040 MeF this year, or did not respond to our requested deadline, will not be allowed to retrieve 1040 state returns through MeF until after April 15. They will be allowed to retrieve state business returns, and test 1040s in the ATS system.

Third, those transmitters who indicated they will participate in 1040 MeF will have their daily 1040 (federal and state) and 4868 submission volumes limited to a percentage of their 2009 daily 1040 23 form submission totals. We will send to each transmitter their daily 2009 1040 submission volumes and the maximum daily 1040 submissions they can submit to MeF. The daily totals are based on 2009 volumes and discussions held with the transmitters.

The filing season (February 17 through April 15) will be divided into three volume segments. The first period covers 1040 MeF start-up through the end of February. The second period covers the month of March. And the last covers April 1 through April 15.

1040 MeF start-up occurs on the downside of the first peak filing period. Therefore, the percentage applied to this period is lower than the other periods and is designed to provide the IRS and transmitters an opportunity to evaluate response and processing times during a mini-peak.

Historically, volumes have been fairly consistent during the month of March. The percentages for the second and third periods are designed to observe system performance over a longer period under sustained but less than maximum load. It also gives everyone an opportunity to observe performance during the 1120 peak filing period.

Prior to each new period a Go/No-Go decision will be made based on system performance.

**Volume Percentages by Period:****Feb. 17 – Feb. 28****50%****March 1 – March 31****75%****April 1 – April 15****75%**

Each transmitter must determine their own method of complying with the percentages. We expect methods will differ depending on business models and e-Filing architectures. Regardless of implementation method, the IRS requests each transmitter follow these rules:

1. Transmit a cross-section of the 23-form population that qualifies for MeF. The submissions transmitted should be representative of the entire 23-form population or the Volume Management Strategy will not accomplish its intended goal of assessing system behavior under increasing load. If transmitted 1040 returns do not represent a good cross-section of the 23-form population, analysis of system performance may be skewed.
2. Distribute the transmissions over the course of the day. Do not accumulate submissions then blast MeF all at once.
3. Adhere to the daily totals and percentages provided by the IRS.

The percentages and maximum daily totals will be enforced by IRS at the transmitter level. The IRS will monitor daily transmissions by transmitter. Transmitters who exceed their daily totals will be advised of non-compliance. Continued non-compliance may result in suspension from MeF 1040 until after April 15).

**IRS – Trading Partner Communications (Conference Calls)**

The 1040 MeF Phase I filing season will run more smoothly if all trading partners have access to key MeF personnel. Therefore, the IRS will conduct conference calls with its trading partners during the testing and filing periods. ATS (Assurance Testing) will begin on November 2, 2009. Production filing will begin on February 17, 2010. These calls will give trading partners and IRS/MeF personnel an opportunity to discuss each day's e-Filing experience. Trading partners can discuss issues encountered and ask questions. The call will give every trading partner an opportunity to stay in touch with IRS. No calls will be conducted on weekends for ATS or production. The calls will be scheduled as follows:

November 2 – November 6 (1 <sup>ST</sup> week ATS)	One call each day.
November 9 – February 16 (ATS)	One call each week.
Feb. 17 – Feb. 28 (1 <sup>st</sup> percentage period)	One call each day.
March 1 – March 31 (2 <sup>nd</sup> Percentage period)	One call each week.
April 1 – April 15 (3 <sup>rd</sup> percentage period)	One call each day.

Issues and problems may arise between calls and calling periods that cannot wait until the next call. When trading partners feel an issue or problem requires immediate attention, they can call Xan Ostro at 202-283-7697 or contact us at the 1040 MeF mailbox.